

REFERENCE TITLE: JTED campuses; bonds

State of Arizona  
House of Representatives  
Forty-eighth Legislature  
Second Regular Session  
2008

# HB 2233

Introduced by  
Representative Tobin

AN ACT

AMENDING SECTIONS 15-491 AND 15-1021, ARIZONA REVISED STATUTES; RELATING TO  
SCHOOL BONDS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-491, Arizona Revised Statutes, is amended to  
3 read:

4 15-491. Elections on school property: exceptions

5 A. The governing board of a school district may, and upon petition of  
6 fifteen per cent of the school electors as shown by the poll list at the last  
7 preceding annual school election shall, call an election for the following  
8 purposes:

9 1. To locate or change the location of school buildings.

10 2. To purchase or sell school sites or buildings or sell school sites  
11 pursuant to section 15-342 or to build school buildings, but the  
12 authorization by vote of the school district shall not necessarily specify  
13 the site to be purchased.

14 3. To decide whether the bonds of the school district shall be issued  
15 and sold for the purpose of raising money for purchasing or leasing school  
16 lots, for building or renovating school buildings, for improving school  
17 grounds, for purchasing pupil transportation vehicles or for liquidating any  
18 indebtedness already incurred for such purposes. Except as provided in  
19 section 15-1021, subsection H, the proceeds of class B bonds or impact aid  
20 revenue bonds shall not be used for soft capital purposes except for pupil  
21 transportation vehicles. A school district shall not issue class B bonds  
22 until the school district has obligated in contract the entire proceeds of  
23 any class A bonds issued by the school district. The total amount of class A  
24 and class B bonds issued by a school district shall not exceed the debt  
25 limitations prescribed in article IX, sections 8 and 8.1, Constitution of  
26 Arizona.

27 4. To lease for five or more years, as lessor or as lessee, school  
28 buildings or grounds. Approval by a majority of the school district electors  
29 voting authorizes the governing board to negotiate for and enter into a  
30 lease. The ballot shall list the school buildings or grounds for which a  
31 lease is sought. If the governing board does not enter into a lease of five  
32 or more years of the school buildings or grounds listed on the ballot within  
33 five years of the date of the election and the board continues to seek such a  
34 lease, the governing board shall call a special election to reauthorize the  
35 board to negotiate for and to enter into a lease of five or more years.

36 B. No petition shall be required for the holding of the first election  
37 to be held in a joint common school district for any of the purposes  
38 specified in subsection A of this section. The notice of election required  
39 by section 15-492 shall be published in each of the counties which comprise  
40 the joint common school district. The certification of election results  
41 required by section 15-493 shall be made to the board of supervisors of the  
42 jurisdictional county.

43 C. When the election is called to determine whether or not bonds of  
44 the school district shall be issued and sold for the purposes enumerated in  
45 the call for the election, the question shall be submitted to the vote of the

1 qualified electors of the school district as defined in section 15-401 and  
2 subject to the provisions of section 15-402.

3 D. The governing board shall order the election to be held in the  
4 manner prescribed in title 35, chapter 3, article 3. If a petition for an  
5 election has been filed with the governing board as provided in subsection A  
6 of this section, the board shall act upon the petition within sixty days by  
7 ordering the election to be held as provided in this subsection. If a school  
8 district bond election is scheduled for the same date a school district will  
9 hold an override election, the governing body shall deliver a copy of the  
10 notice of election and ballot to the county school superintendent who shall  
11 include the notice of election and ballot with the information report and  
12 ballot prepared for the override election. Mailing of the information  
13 required for both the override and bond elections shall constitute compliance  
14 with the notice provisions of this section.

15 E. The elections to be held pursuant to this section shall only be  
16 held on dates prescribed by section 16-204, except that elections held  
17 pursuant to this section to decide whether class B bonds shall be issued, or  
18 any other obligation incurred that will require the assessment of secondary  
19 property taxes, shall only be held on the first Tuesday after the first  
20 Monday of November.

21 F. Subsection A, paragraph 2 of this section does not apply to the  
22 sale of school property if the market value of the school property is less  
23 than fifty thousand dollars.

24 G. Bond counsel fees, financial advisory fees, printing costs and  
25 paying agent and registrar fees for bonds issued pursuant to an election  
26 under this section shall be paid from either the amount authorized by the  
27 qualified electors of the school district or current operating funds. Bond  
28 election expenses shall be paid from current operating funds only.

29 H. For any election conducted to decide whether class B bonds will be  
30 issued pursuant to this section:

31 1. Except as provided in paragraph 2 of this subsection, the ballot  
32 shall include the following statement:

33 The capital improvements that are proposed to be funded  
34 through this bond issuance are to exceed the state standards and  
35 are in addition to monies provided by the state.

36 \_\_\_\_\_ school district is proposing to issue class B  
37 general obligation bonds totaling \$\_\_\_\_\_ to fund capital  
38 improvements over and above those funded by the state. Under  
39 the students first capital funding system, \_\_\_\_\_ school  
40 district is entitled to state monies for building renewal, new  
41 construction and renovation of school buildings in accordance  
42 with state law.

43 2. For a school district that is a joint technological education  
44 district, the ballot shall include ONE OR BOTH OF the following ~~statement~~  
45 STATEMENTS, AS APPLICABLE:

\_\_\_\_\_, a joint technological education district, is proposing to issue class B general obligation bonds totaling \$\_\_\_\_\_ to fund capital improvements at ~~the main~~ A campus ~~of~~ OWNED, OPERATED AND MAINTAINED BY the joint technological education district. CLASS B GENERAL OBLIGATION BONDS MAY BE ISSUED FOR CAPITAL IMPROVEMENTS TO A CAMPUS OR A FACILITY THAT IS IN A SCHOOL DISTRICT THAT IS PART OF THE JOINT TECHNOLOGICAL EDUCATION DISTRICT AND THAT IS LOCATED ON FEDERAL LAND OR LAND LEASED FROM A TRIBAL GOVERNMENT.

\_\_\_\_\_, A JOINT TECHNOLOGICAL EDUCATION DISTRICT, IS PROPOSING TO ISSUE CLASS B GENERAL OBLIGATION BONDS TOTALING \$\_\_\_\_\_ TO FUND SOFT CAPITAL ITEMS AT A CAMPUS OWNED OR OPERATED AND MAINTAINED BY THE JOINT TECHNOLOGICAL EDUCATION DISTRICT.

3. The ballot shall contain the words "bond approval, yes" and "bond approval, no", and the voter shall signify the voter's desired choice.

4. The ballot shall also contain the phrase "the issuance of these bonds will result in an annual levy of property taxes sufficient to pay the debt on the bonds".

5. At least eighty-five days before the election, the school district shall submit proposed ballot language to the director of the Arizona legislative council. The director of the Arizona legislative council shall review the proposed ballot language to determine whether the proposed ballot language complies with this section. If the director of the Arizona legislative council determines that the proposed ballot language does not comply with this section, the director, within ten calendar days of the receipt of the proposed ballot language, shall notify the school district of the director's objections and the school district shall resubmit revised ballot language to the director for approval.

6. No later than thirty-five days before a class B bond election conducted pursuant to this section, the school district shall mail a publicity pamphlet to each household that contains a qualified elector in the school district. The publicity pamphlet shall contain, at a minimum, the following information:

(a) An executive summary of the school district's most recent capital plan submitted to the school facilities board.

(b) A complete list of each proposed capital improvement that will be funded with the proceeds of the bonds and a description of the proposed cost of each improvement, including a separate aggregation of capital improvements for administrative purposes as defined by the school facilities board.

(c) The tax rate associated with each of the proposed capital improvements and the estimated cost of each capital improvement for the owner of a single family home that is valued at one hundred thousand dollars.

I. For any election conducted to decide whether impact aid revenue bonds shall be issued pursuant to this section:

- 1           1. The ballot shall include the following statement:  
2           The capital improvements that are proposed to be funded  
3           through this bond issuance are to exceed the state standards and  
4           are in addition to monies provided by the state.  
5           \_\_\_\_\_ school district is proposing to issue impact  
6           aid revenue bonds totaling \$\_\_\_\_\_ to fund capital  
7           improvements over and above those funded by the state. Under  
8           the students first capital funding system, \_\_\_\_\_ school  
9           district is entitled to state monies for building renewal, new  
10          construction and renovation of school buildings in accordance  
11          with state law.  
12          2. The ballot shall contain the words "bond approval, yes" and "bond  
13          approval, no", and the voter shall signify the voter's desired choice.  
14          3. At least eighty-five days before the election, the school district  
15          shall submit proposed ballot language to the director of the legislative  
16          council. The director of the legislative council shall review the proposed  
17          ballot language to determine whether the proposed ballot language complies  
18          with this section. If the director of the legislative council determines  
19          that the proposed ballot language does not comply with this section, the  
20          director, within ten calendar days of the receipt of the proposed ballot  
21          language, shall notify the school district of the director's objections and  
22          the school district shall resubmit revised ballot language to the director  
23          for approval.  
24          4. No later than thirty-five days before an impact aid revenue bond  
25          election conducted pursuant to this section, the school district shall mail a  
26          publicity pamphlet to each household that contains a qualified elector in the  
27          school district. The publicity pamphlet shall contain, at a minimum, the  
28          following information:  
29                  (a) The date of the election.  
30                  (b) The voter's polling place and the times it is open.  
31                  (c) An executive summary of the school district's most recent capital  
32          plan submitted to the school facilities board.  
33                  (d) A complete list of each proposed capital improvement that will be  
34          funded with the proceeds of the bonds and a description of the proposed cost  
35          of each improvement, including a separate aggregation of capital improvements  
36          for administrative purposes as defined by the school facilities board.  
37                  (e) A statement that impact aid revenue bonds will be fully funded by  
38          aid that the school district receives from the federal government and do not  
39          require a levy of taxes in the district.  
40                  (f) A statement that if the bonds are approved the first priority for  
41          the impact aid will be to pay the debt service for the bonds and that other  
42          uses of the monies are prohibited until the debt service obligation is met.  
43                  (g) A statement that if the impact aid revenue bonds are approved, the  
44          school district shall not issue or sell class B bonds while the district has

1 existing indebtedness from impact aid revenue bonds, except for bonds issued  
2 to refund any bonds issued by the board.

3 J. If the voters approve the issuance of school district class B bonds  
4 or impact aid revenue bonds, the school district shall not use the bond  
5 proceeds for any purposes other than the proposed capital improvements listed  
6 in the publicity pamphlet, except that up to ten per cent of the bond  
7 proceeds may be used for general capital expenses, including cost overruns of  
8 proposed capital improvements.

9 K. Each school district that issues bonds under this section is  
10 required to hold a public meeting each year between September 1 and October  
11 31, until the bond proceeds are spent, at which an update of the progress of  
12 capital improvements financed through bonding is discussed and at which the  
13 public is permitted an opportunity to comment. At a minimum, the update  
14 shall include a comparison of the current status and the original projections  
15 on the construction of capital improvements, the costs of capital  
16 improvements and the costs of capital improvements in progress or completed  
17 since the prior meeting and the future capital bonding plans of the school  
18 district. The school district shall include in the public meeting a  
19 discussion of the school district's use of state capital aid and  
20 voter-approved capital overrides in funding capital improvements, if any.

21 Sec. 2. Section 15-1021, Arizona Revised Statutes, is amended to read:

22 15-1021. Limitation on bonded indebtedness; limitation on  
23 authorization and issuance of bonds

24 A. Until December 31, 1999, a school district may issue class A bonds  
25 for the purposes specified in this section and chapter 4, article 5 of this  
26 title to an amount in the aggregate, including the existing indebtedness, not  
27 exceeding fifteen per cent of the taxable property used for secondary  
28 property tax purposes, as determined pursuant to title 42, chapter 15,  
29 article 1, within a school district as ascertained by the last property tax  
30 assessment previous to issuing the bonds.

31 B. From and after December 31, 1998, a school district may issue class  
32 B bonds for the purposes specified in this section and chapter 4, article 5  
33 of this title to an amount in the aggregate, including the existing class B  
34 indebtedness, not exceeding five per cent of the taxable property used for  
35 secondary property tax purposes, as determined pursuant to title 42, chapter  
36 15, article 1, within a school district as ascertained by the last assessment  
37 of state and county taxes previous to issuing the bonds, or one thousand five  
38 hundred dollars per student count as determined pursuant to section 15-902,  
39 whichever amount is greater. A school district shall not issue class B bonds  
40 until the proceeds of any class A bonds issued by the school district have  
41 been obligated in contract. The total amount of class A and class B bonds  
42 issued by a school district shall not exceed the debt limitations prescribed  
43 in article IX, section 8, Constitution of Arizona.

44 C. Until December 31, 1999, a unified school district, as defined  
45 under article IX, section 8.1, Constitution of Arizona, may issue class A

1 bonds for the purposes specified in this section and chapter 4, article 5 of  
 2 this title to an amount in the aggregate, including the existing  
 3 indebtedness, not exceeding thirty per cent of the taxable property used for  
 4 secondary property tax purposes, as determined pursuant to title 42, chapter  
 5 15, article 1, within a unified school district as ascertained by the last  
 6 property tax assessment previous to issuing the bonds.

7 D. From and after December 31, 1998, a unified school district, as  
 8 defined under article IX, section 8.1, Constitution of Arizona, may issue  
 9 class B bonds for the purposes specified in this section and chapter 4,  
 10 article 5 of this title to an amount in the aggregate, including the existing  
 11 class B indebtedness, not exceeding ten per cent of the taxable property used  
 12 for secondary tax purposes, as determined pursuant to title 42, chapter 15,  
 13 article 1, within a school district as ascertained by the last assessment of  
 14 state and county taxes previous to issuing the bonds, or one thousand five  
 15 hundred dollars per student count as determined pursuant to section 15-902,  
 16 whichever amount is greater. A unified school district shall not issue class  
 17 B bonds until the proceeds of any class A bonds issued by the unified school  
 18 district have been obligated in contract. The total amount of class A and  
 19 class B bonds issued by a unified school district shall not exceed the debt  
 20 limitations prescribed in article IX, section 8.1, Constitution of Arizona.

21 E. No bonds authorized to be issued by an election held after July 1,  
 22 1980 may be issued more than six years after the date of the election, except  
 23 that class A bonds shall not be issued after December 31, 1999.

24 F. Class A bond proceeds shall not be expended for items whose useful  
 25 life is less than the average life of the bonds issued, except that bond  
 26 proceeds shall not be expended for items whose useful life is less than five  
 27 years.

28 G. Except as provided in subsection H of this section, class B bond  
 29 proceeds shall not be expended for soft capital items, computer hardware, or  
 30 other items whose useful life is less than the average useful life of the  
 31 bonds issued, except that bond proceeds shall not be expended for items whose  
 32 useful life is less than five years. For the purposes of this subsection,  
 33 "computer hardware" means an electronic device with an integrated circuit  
 34 that performs logic, arithmetic or memory functions by the manipulations of  
 35 electronic or magnetic impulses and includes all input, output, processing,  
 36 storage, software or communication facilities that are connected or related  
 37 to such a device in a system or network.

38 H. Class B bond proceeds for a ~~new~~ facility at ~~the main~~ A campus ~~of~~  
 39 OWNED OR OPERATED AND MAINTAINED BY a joint technological education district  
 40 may be expended for soft capital items, computer hardware, furniture or other  
 41 equipment, except that no bonds may be issued for these purposes for a  
 42 duration of more than five years. The total amount of bonds that a joint  
 43 technological education district may issue pursuant to this subsection shall  
 44 not exceed thirty per cent of the cost of the ~~new~~ school facility, including  
 45 monies received for the ~~new~~ school facility pursuant to this section. A

1 JOINT TECHNOLOGICAL EDUCATION DISTRICT MAY SPEND CLASS B BOND PROCEEDS TO  
2 FUND CAPITAL IMPROVEMENTS AT A CAMPUS OWNED, OPERATED AND MAINTAINED BY THE  
3 JOINT TECHNOLOGICAL EDUCATION DISTRICT OR FOR CAPITAL IMPROVEMENTS TO A  
4 CAMPUS OR A FACILITY THAT IS IN A SCHOOL DISTRICT THAT IS PART OF THE JOINT  
5 TECHNOLOGICAL EDUCATION DISTRICT AND THAT IS LOCATED ON FEDERAL LAND OR LAND  
6 LEASED FROM A TRIBAL GOVERNMENT.

7 I. Notwithstanding subsections F and G of this section, bond proceeds  
8 may be expended for purchasing pupil transportation vehicles.

9 J. A school district shall not authorize, issue or sell bonds pursuant  
10 to this section if the school district has any existing indebtedness from  
11 impact aid revenue bonds pursuant to chapter 16, article 8 of this title,  
12 except for bonds issued to refund any bonds issued by the governing board.